

Message Text

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PAGE 01 STATE 250885

46

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DRAFTED BY IO/TRC:CHARTLEY:AMP

APPROVED BY IO/TRC - CHARLES HARTLEY

IO/BA:JWEINER

EB/AVP:JGRAVATT

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TO AMCONSUL MONTREAL PRIORITY

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E.O. 11652: N/A

TAGS: PORG, EAIR, ICAO

SUBJECT: ICAO: FINANCE COMMITTEE CONSIDERATION OF
TRIENNIAL DRAFT BUDGET

REF: A) MONTREAL 1452; B) STATE 239046;

C) ICAO C-WP/6383, SEPTEMBER 14, 1976

1. WE BELIEVE THAT US REP SHOULD MAKE FOLLOWING POINTS
DURING FINANCE COMMITTEE CONSIDERATION, DUE TO BEGIN
OCTOBER 12 (REF A), OF PROPOSED ICAO TRIENNIAL (1978-80)
BUDGET:

A. US AND OTHER MAJOR CONTRIBUTING COUNTRIES ARE CONCERNED
OVER RAPIDLY GROWING BUDGETS OF UN SPECIALIZED AGENCIES.
WITH RESPECT TO ICAO, WE APPRECIATE FACT THAT MUCH OF
PROJECTED EXPANSION IS ATTRIBUTABLE TO SALARY, ALLOWANCE,
AND OTHER COST INCREASES WHICH HAVE ALREADY TAKEN EFFECT.

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PAGE 02 STATE 250885

EVEN SO, WE ARE DISTURBED BY RECOMMENDED 28.8 PERCENT

INCREASE FOR 1978-80 TRIENNIAL BUDGET OVER THAT OF 1975-77, AND BELIEVE THAT EVERY EFFORT MUST BE MADE TO HOLD THIS PERCENTAGE FIGURE DOWN.

B. ONE OF MOST IMMEDIATELY APPARENT ESCALATIONS IN PROPOSED BUDGET IS 1978-80 ESTIMATE FOR MEETINGS, ALTHOUGH PROJECTED INCREASE OF DOLLARS 398,000 IN THIS CATEGORY WOULD BE ONLY SMALL PART OF OVERALL PROJECTED NET INCREASE FOR TRIENNIAL OF DOLLARS 12,256,000. WHILE ANNUAL ESTIMATES FOR MEETINGS IN 1978-80 ARE FAIRLY CONSTANT WHEN COMPARED WITH 1977, THE PROPOSED COST FOR 1978-80 CYCLE OF MEETINGS IS UP 44 PERCENT OVER 1975-77 CYCLE, WHICH IS THE MORE IMPORTANT YARDSTICK. WE THINK THAT 1978-80 ESTIMATE FOR MEETINGS SHOULD BE REDUCED. (THIS AMPLIFIES GUIDANCE CONTAINED IN REF B.)

C. ESTIMATED ESCALATION IN SIZE OF CONTINGENCY FUND IS MORE SIGNIFICANT, AMOUNTING TO INCREASE OF DOLLARS 3,224,000 OR 66 PERCENT OVER 1975-77 TRIENNIAL. WE UNDERSTAND SECRETARIAT'S ARGUMENT THAT PROVISION SHOULD BE MADE FOR SALARY AND PRICE INCREASES. NEVERTHELESS, WE DISLIKE CONCEPT OF CONTINGENCY FUNDS FOR TWO REASONS: AS EXPLAINED IN REF B, USG HAS TO BORROW MONEY TO PROVIDE FOR THEM; AND WE PREFER SUPPLEMENTAL APPROPRIATION PROCESS OVER CONTINGENCY FUNDING TO COVER ANY SHORTFALL CAUSED BY SALARY AND PRICE INCREASES OR OTHER FACTORS. AS COMPROMISE FOR THIS BUDGET, WE COULD ACCEPT CONTINGENCY FUND REMAINING AT EXISTING 1975-77 TRIENNIAL LEVEL OF DOLLARS 4,922,000.

D. FURTHER SUBSTANTIAL SAVINGS COULD BE REALIZED IF VACANCY RATE IN EMPLOYMENT COULD BE KEPT AT A LEVEL OF 10 PERCENT FOR PROFESSIONAL POSTS, AND ABOVE 3 PERCENT FOR GENERAL SERVICE POSTS. ACCORDING TO P.16 OF ICAO BUDGET ESTIMATES (REF C), VACANCY RATE IN 1976 FOR PROFESSIONAL POSTS WAS 14 PERCENT, AND FOR GENERAL SERVICES POSTS 6 PERCENT. THIS WAS CALCULATED TO HAVE SAVED DOLLARS 580,000 IN 1976 (REDUCTION FOR TURNOVER OF PERSONNEL, P.13 OF REF C). ACTUAL SAVINGS SHOULD HAVE BEEN CONSIDERABLY MORE, SINCE DOLLARS 1,060,000 REDUCTION FOR TURNOVER OF PERSONNEL IS PROJECTED FOR 1977 WHEN - INTERPOLATING BETWEEN 1976 UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 250885

AND 1978 ESTIMATED VACANCY RATES - RATE FOR PROFESSIONAL POSTS SHOULD BE 11 PERCENT AND FOR GENERAL SERVICES POSTS 4.5 PERCENT. THIS COMPARES WITH PROJECTED REDUCTION FOR TURNOVER OF PERSONNEL OF DOLLARS 640,000 IN 1980, WHEN VACANCY RATE TARGET FOR PROFESSIONAL POSTS IS 4 PERCENT, AND FOR GENERAL SERVICES POSTS 3 PERCENT. REGARDLESS OF WHICH FIGURES ARE MORE ACCURATE, MAN-YEARS TALLING 90 PERCENT OF POSITIONS FOR PROFESSIONAL POSTS IN ICAO FOR

1978-80 TRIENNium, RATHER THAN PROJECTED 92-96 PERCENT -
WITH SOMEWHAT HIGHER FIGURE FOR GENERAL SERVICE POSTS -
SHOULD RESULT IN SUBSTANTIAL SAVINGS. SINCE THIS MUST
BE CLOSE TO ICAO'S CURRENT MAN-YEAR LEVEL, WE BELIEVE THAT
SUCH A CONCEPT SHOULD BE SERIOUSLY CONSIDERED.

E. FINALLY, NOTWITHSTANDING A SUBSTANTIAL INCREASE IN COSTS
WE WONDER WHETHER 1978-80 ESTIMATE FOR GENERAL SERVICES
PORTION OF BUDGET (PART III), WHICH IS NEARLY DOUBLE THAT
OF PREVIOUS TRIENNium, IS NOT EXCESSIVE.

2. AS STATED ABOVE, EVERY EFFORT SHOULD BE MADE TO KEEP
BUDGET INCREASE TO AN ABSOLUTE MINIMUM. US REP PROPOSALS
TO THIS END WILL BE WELCOMED AND MAY BE TABLED WITHOUT
FURTHER REFERENCE TO DEPARTMENT. ALSO, UNLESS CONTRARY TO
US OBJECTIVES IN ICAO, US REP SHOULD SUPPORT ANY REASONABLE
PROPOSALS MADE BY OTHER MEMBER STATES FOR REDUCTION IN
BUDGET. ROBINSON

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